



*California Veterans Board*

*Annual Report*

*2005-2006*

# CALIFORNIA VETERANS BOARD



## Annual Report 2005-2006



### BOARD MEMBERS

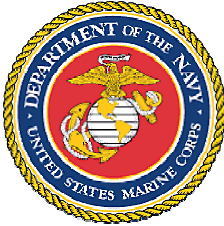
**Dr. Vernon Chong, Chairman**



**Randal Bressette, Vice Chairman**

**Jake Alarid, Member**

**Alice Astafan, Member**



**Leo Burke, Member**

**Colin Shadell, Member**



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# INTRODUCTION

The California Veterans Board (CVB) was established within the California Department of Veterans Affairs (CDVA) under the Statutes of 1946, and is governed by the California Military and Veterans Code. It is composed of seven members, appointed to non-concurrent four-year terms by the Governor, subject to confirmation by the Senate. The Governor fills vacancies for the unexpired portion of the terms in which they occur. One member must be a military retiree. Assembly Bill 2933, Statutes of 2000, Chapter 534 requires that one Board member shall have substantial training or professional expertise in geriatrics, gerontology, or long-term care and one member shall have substantial training or professional expertise in mortgage lending and real estate finance. Senate Bill 1717, Statutes of 2000, Chapter 304, requires that at least one member of the Board be a resident of the California Veterans Homes. Senate Bill 1858, Statutes of 2002, Chapter 977, requires that one member shall have an accounting or auditing background, and preferably shall be a certified public accountant.

The Board elects a Chairman and a Vice Chairman. The Chairman conducts meetings at the call of the Chair and any Special Sessions that may be convened. The Board takes into consideration budgetary constraints, veteran's appeals and veteran representation in the community in selecting appropriate sites to convene meetings. Board meetings are open to all veterans, veterans service organizations, and the general public.

The Board also participates in the legislative process by testifying in person or in writing to the Legislature on behalf of veterans on matters pertaining to the welfare of the veteran community of California. Individual Board members may be assigned liaison duties with major veterans organizations including The American Legion, Disabled American Veterans, Veterans of Foreign Wars, and AMVETS. The Board may attend other veteran's functions by invitation. Board members serve on the Board's Select Committees at the pleasure of the Chairman. Section 86(a) of the California Military and Veterans Code provides that any veteran who applies for benefits may appeal any decision of the Department to the Board. The Board is the final level of administrative appeal.

The Board monitors veterans and dependents policy issues through Select Committees, whose chairmen maintain contact with the Department staff and others. The Board determines the policy for all operations of the Department, including significant changes affecting all on-going programs, proposed programs, and long-range planning, to include the Farm and Home Loan program, veterans claims and rights, the California veterans homes, and the Department's Strategic Plan.

The people of the State of California have a long and distinguished history of support for the men and women who have served the United States in military uniform. This support has, over time, manifested itself by the development of a significant California public policy segment devoted to veterans and issues of importance to them. The duties and responsibilities of the California Veterans Board, which are enumerated in the Military and

Veterans Code, evolved as part of that public policy development.

At the transition from the 19th to the 20th century, the State of California became the responsible manager of the Veterans Home of California at Yountville, a facility providing retirement care for aged and disabled military veterans since 1884. Following the armistice that ended World War I, California, like most other states, wanted to provide some sort of official appreciation for their service to those veterans returning from the war. In 1921, the Legislature established the Veterans Welfare Board to manage the programs enacted to give constructive form to that appreciation. By 1929 attention to veteran-related issues had grown sufficiently resulting in the establishment of a new department of state government to be known as the Department of Military and Veterans Affairs. Together with the Veterans Welfare Board and a number of other boards, this department managed veterans programs and policy issues until the end of World War II.

In 1946 following World War II, a governmental reorganization saw the establishment of the Department of Veterans Affairs and California Veterans Board as replacements for the Department of Military and Veterans Affairs, the Veterans Welfare Board, and the lesser known boards. Statutory authorization for the California Veterans Board is found in Section 64 of the California Military and Veterans Code. Sections 65 and 66 of the Code establish the size of the Board and the requirements for service upon it.

## **GOALS AND OBJECTIVES FOR 2006**

- The California Veterans Board will set policies for the California Department of Veterans Affairs that will be both cost effective and valuable to the state's approximately 2.2 million veterans. While doing this task, the Board will ensure that the Department's expenditures are cost-effective by continuing to evaluate and approve major expenditures and operational procedures.
- The Board will seek more functional methods to adjudicate veteran's appeals against the state by better utilizing appropriate legal counsel and staff during research.
- The Board will work toward a fiscal climate for the Department that will permit the continuation of lowering Cal Vet loan interest rates, improved management of billing cycles and reimbursements of charges at the California Veterans Homes.
- The Board will continue to work with the Department as partners toward the simplification and streamlining of procedures and programs. This especially applies to the Farm and Home programs with their related insurance plans, and the fiscal management of the California Veterans Homes.
- The Board will work in partnership with the Department to evaluate the Alzheimer's and Dementia study and encourage the implementation of more beneficial programs at the veterans homes using cost-effective funding.

- The Board will continue to support the state's many veterans services programs while working to provide the California County Veterans Services Officers with proper tools and funding to carry out their assigned mission.
- The Board will work toward enhancing their relationship with the state's veteran population and continue to interface with the state's many veterans' organizations.
- The Board will continue to provide board oversight on new veterans home projects.
- The Board will continue an awards program to recognize those veterans and organizations deserving such recognition.
- The Board will respond to the principles of governance by involvement in the Department's policy matters rather than the Department's operations.
- The Board will continue to develop open communication with the Department of Veterans Affairs, The Governor's Office, the Veterans Committees in the Senate and Assembly and the veterans of California.

## **MISSION STATEMENT**

The California Veterans Board serves as an advocate for veterans affairs identifying needs and working to ensure and enhance the rights and benefits of California veterans and their dependents.

## **BOARD MEMBERS**

Members are not full-time employees, and do not receive a salary. They are reimbursed for travel expenses, subject to limitations, and are paid a small stipend per each day of service to California's veterans. This position requires Senate confirmation.

### **DR. VERNON CHONG, CHAIRMAN**

Dr. Chong, of Lincoln, is Chairman and has served as a member of the California Veterans Board since 2004. He was appointed by Governor Arnold Schwarzenegger as a member of the California Veterans Board in June 2004 and January 2005, and was elected Chairman in 2006. Dr. Chong is a physician and surgeon and a 31-year-veteran of the U.S. Air Force, achieving the rank of Major General before his retirement in 1994. His last active duty assignment was at the Headquarters United States European Command in Stuttgart, Germany as Command Surgeon. He was a Network Director for the U.S. Department of Veterans Affairs and Special Assistant to the Network Director from 1995-2003. His term expires January 15, 2009 in accordance to Military & Veterans Code §67.

### **RANDAL BRESSETTE, VICE CHAIRMAN**

Mr. Bressette, of Laguna Hills, is Vice Chairman and has served as a member of the California Veterans Board since 2005. He was appointed by Governor Arnold



Schwarzenegger as a member of the California Veterans Board in December 2005. He is a founding member of the Laguna Hills City Council, first elected in 1991, and serving as Mayor in 1996, 2001 and 2005. He served in the United States Naval Reserve as an aircrew member from 1972 to 1995, retiring with the rank of Chief Warrant Officer. Bressette received a Bachelor's degree in Business Administration at the University of Redlands and a Master's degree in Financial Planning from Southern States University. He is a partner in The Bressette Companies, a financial planning firm. His term expires January 15, 2008 in accordance with Military & Veterans Code §67.

## **JAKE ALARID**

Mr. Alarid, of Whittier, has served as a member of the California Veterans Board since 2006. He was appointed by Governor Arnold Schwarzenegger as a member of the California Veterans Board in January 2006. He retired as an engineering manager for Rockwell International in 1994 after 35 years of service, during which he worked on the Apollo and Space Shuttle programs. Mr. Alarid served in the United States Marine Corps from 1952 to 1956. His term expires January 15, 2010 in accordance with Military & Veterans Code §67.

## **ALICE ASTAFAN**

Ms. Astafan, of Carmichael, has served as a member of the California Veterans Board since 2006. She was appointed by Governor Arnold Schwarzenegger as a member of the California Veterans Board in January 2006. She is currently the chief executive officer of the Federal Technology Center. Astafan served in the United States Air Force for over 30 years, retiring as a Major General. Astafan is a member of the National Advisory Committee for the Federal Laboratory Consortium and serves on the board of directors for the Eskaton Corporation. Astafan earned a Master's degree in International Affairs and Early Childhood Education at Sacramento State University, a Bachelor of Science degree in Biology and Chemistry and a graduate in the National and International Security Program at the John F. Kennedy Senior Managers in Government Program. Her term expires January 15, 2010 in accordance with Military & Veterans Code §67.

## **LEO P. BURKE**

Mr. Burke, of Stockton, was appointed by Governor George Deukmejian as a member of the California Veterans Board. Mr. Burke was reappointed for two terms by Governor Pete Wilson and reappointed by Governor Gray Davis in 2002 and 2003 as a member of the California Veterans Board. He was elected Chairman of the Veterans Board in November 1986 and served in that capacity through March 1991. In addition to his Board responsibilities he served for the last twenty-eight years and continues to serve on the San Joaquin Delta Community College Board of Trustees. Prior to retirement, he served for thirty-one years as the Administrator of the Stockton Convention Center. Mr. Burke served in the U. S. Marine Corps, is a veteran of World War II and was past National Vice Commander of the American Legion. He served as a member of the Disabled American Veterans Charities of San Joaquin County from 1978 to present. In



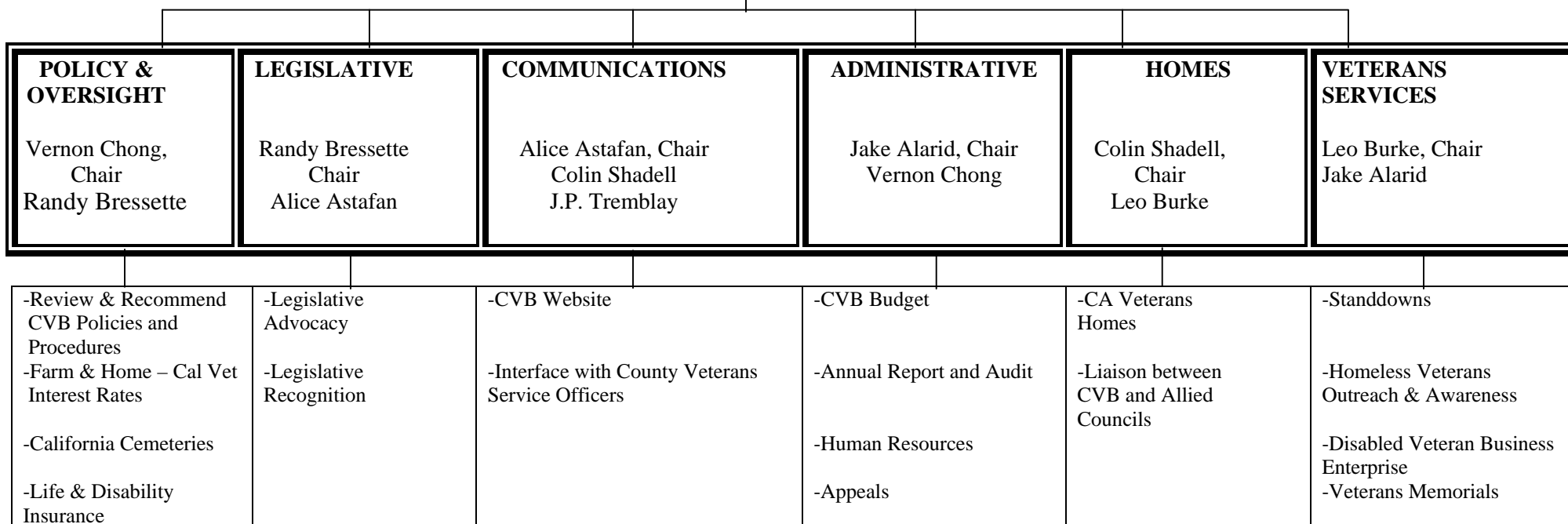
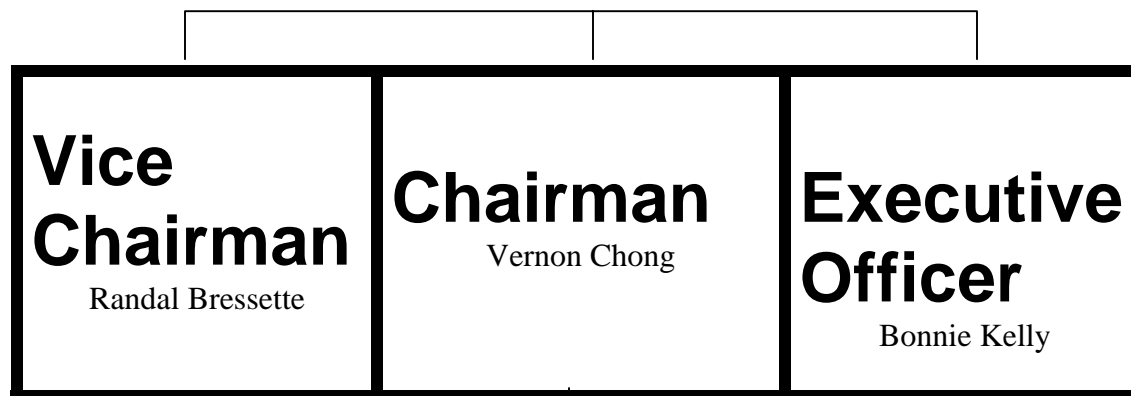
addition, he was appointed to the San Joaquin Fair Board by Governor Jerry Brown. Additionally, he was Chairman of the Governor's Commission of Veterans Homes appointed by Governor Gray Davis. The commission recommended the following cities to build the new veterans homes – Los Angeles, Ventura, Lancaster, Fresno, and Redding. In 1995 Mr. Burke served on Governor Pete Wilson's Panel on President's Clinton's White House Conference of Aging. Then years later he served on Congressman Pombo's Panel on President George W. Bush's White House Conference of aging in (2005). He also has served on the U.S. Department of Veterans Affairs Advisory Committee of Cemeteries and Memorials. Furthermore, Mr. Burke serves as the National Legislative Commission Vice Chairman of the American Legion from 1995 to present. His term expires January 15, 2007 in accordance with Military & Veterans Code §67.

## **COLIN SHADELL**

Mr. Shadell, of Chula Vista, has served as a member of the California Veterans Board since 2006. He was appointed by Governor Arnold Schwarzenegger as a member of the California Veterans Board in May 2006. He is a retired Vice President of Charles Ford Co., an independent department store chain. He served as a naval aviator in the United States Navy from 1943 to 1960 being honorably discharged with the rank of Lieutenant Commander. During his service to our country he was awarded the Distinguished Flying Cross, four Air Medals and the Naval Commendation Medal. Currently, Mr. Shadell is treasurer of the Allied Council of the Chula Vista Veterans Home. His term expires January 15, 2008 in accordance with Military & Veterans Code §67.

# CALIFORNIA VETERANS BOARD

## 2006 ORGANIZATION CHART & SELECT COMMITTEE ASSIGNMENTS



## **BOARD MEMBER QUALIFICATIONS**

The California Veterans Board was established within the California Department of Veterans Affairs under the Statutes of 1946, and is governed by the California Military and Veterans Code. It is composed of seven members, appointed to non-concurrent four-year terms by the Governor, subject to confirmation by the Senate. The Governor will fill any vacancies for the un-expired portion of the terms in which they occur.

- All of the members must be veterans as “veteran” is defined in Section 18540.4 of the Government Code (In accordance with Assembly Bill 76, Chapter 138, Statutes of 1993)
- One member shall be retired from the active or reserve forces of the United States military (In accordance with Assembly Bill 76, Chapter 138, Statutes of 1993.)
- One member shall have substantial training or professional expertise in mortgage lending and real estate finance (in accordance with Assembly Bill 2933, Chapter 534, Statutes of 2000)
- One member shall have substantial training or professional expertise in geriatrics, gerontology, or long-term care (in accordance with Assembly Bill 2933, Chapter 534, Statutes of 2000,).
- One member shall be a resident of the California Veterans Homes (in accordance with Senate Bill 1717, Chapter 304, Statutes of 2000).
- One member shall have an accounting or auditing background (Senate Bill 1858, Chapter 977, Statutes of 2002)

## **BOARD POSITIONS**

The Board elects a Chairman a Vice Chairman. The Board conducts meetings at the call of the Chairman and any Special Sessions that may be convened. Meetings have been occurring on a monthly or bimonthly basis.

## **BOARD RESPONSIBILITIES**

The Board takes into consideration budgetary constraints, veteran representation in the community, and appropriate meeting sites when convening meetings. Board meetings are open to all veterans, veterans’ service organizations, members of the legislature and the general public. For budget savings, the Board has conducted late afternoon meetings on a travel day followed by a morning meeting on the return travel day. Formal Appeal Hearings have been conducted on the first day.

The Board also participates in the legislative process by testifying in person or in writing to the Legislature on behalf of veterans on matters pertaining to the welfare of the veteran community of California. Individual Board members may be assigned liaison duties with major veterans organizations including but not restricted to: The American Legion, the Disabled American Veterans, the Veterans of Foreign Wars, the Jewish War Veterans, the American GI Forum and the AMVETS. The Board may attend other veteran functions by invitation. Board members serve on the Board’s Select Committees at the pleasure of the Chairman.

The Board monitors veterans and dependents policy issues through Select Committees, whose chairmen maintain contact with the Department staff and others. The Board determines the policy for all operations of the Department, including significant changes affecting on-going programs, proposed programs, and long-range planning to include: the Farm and Home Loan program, Veterans claims and rights, the California Veterans homes, and the Department's Strategic Plan.

Section 86(a) of the California Military and Veterans Code provides that any veteran who applies for benefits may appeal any decision of the Department to the Board. The Board is the final level of administrative appeal.

## MAP OF BOARD MEMBERS HOMETOWNS

### HOMETOWNS OF CALIFORNIA VETERANS BOARD MEMBERS



## POLICY AND ADMINISTRATION

*The people of California have created a veterans-related public policy area of remarkable dimension. That dimension was created through a vote of the people at the ballot box, a wide range of action taken by the Legislature, and a history of strong support from California's governors. In the vast statutory maze that provides the structure of California government, more than 2,300 citations are veteran specific. Many of those statutes deal with programs administered and/or managed by the California Department of Veterans Affairs. Section 72 of the California Military and Veterans Code provides that the California Veterans Board " . . . shall determine the policies for all operations of the Department."*

Policy making is a collaborative effort. It requires the collection of information from many sources and from those with divergent points of view. Thoughtful review of the information is required before it can be appropriately distilled to a form usable in constructive discussion. Once these steps have been taken, consensus among the Board members must be reached on which items merit the status of policy items and which are merely informational or instructive.

The current Board membership believes that this collaborative process has been the norm rather than the exception for the past half-century. It recognizes, however, that the addition of clarifying language to Section 84 of the Code has improved the process by which policy for the Department of Veterans Affairs is made. These improvements were added through Senate Bill 1470, Chapter 1145, and Statutes of 1996.

The Department of Veterans Affairs, under provisions of Section 70 of the Military and Veterans Code, is charged with administration and management of the specified programs within its purview, and under Section 74 of the Code, the Secretary of Veterans Affairs is the responsible executive in the management and operation of those programs.

## HOW DOES THE BOARD ATTEND TO POLICY?

During this reporting year, members participated in many other meetings related to their work on the California Veterans Board. They also participated in 7 separate appeals filed by veterans disputing judgments made by the Department of Veterans Affairs in the discharge of its program administration responsibilities. Additionally, each Board member participated in a number of functions that they did not believe met the standard of official business. It should be noted that the members of the Board are widely recognized throughout California as key players in the veteran's public policy arena (detail chart of appeals attached within).

## STRUCTURE AND PROCESS

The Board's policy making responsibility is an integral part of how the Department of Veterans Affairs manages the services it provides to California's veterans. The establishment of a concise and orderly process by the Board to exercise that responsibility is also fundamental.

To achieve this orderly process, the Board has created two mechanisms. The first is a select committee structure through which topic-specific review and individual expertise or interest of a Board member can be effectively utilized to gather and prioritize information so that action items can be identified. Once identified, the select committee members bring items to the public meeting of the full Board for additional review and whatever response the full membership sees as appropriate. The second element in the Board's structure is the Policy Book. As the name indicates, this is the official statement of the "...guiding principles..." promulgated by the Board in discharge of its duties as described in Section 72 of the Military and Veterans Code.

The Select Committees are: Policy and Procedures, Legislative, Communications, Administrative, Homes, and Veterans Services. Assignments to these six Select Committees encompass the majority of work done by individual members in the discharge of their Board responsibilities. Details of each committee are included in the minutes of the Board meetings found on the Board's web site: [www.cdva.ca.gov/board](http://www.cdva.ca.gov/board). The key accomplishments of those committees include:

1. The California Veterans Board Annual Report
2. Several Department Contract reviews and Audits
3. Contract reviews for newer lower interest rates for CDVA Farm and Home Loans
4. Actively involved in review of Request for Proposals for Life and Disability Programs
5. Reviewed and stated positions on over 54 Legislative Bills
6. Recognition to numerous veteran supporters and veterans organizations (chart enclosed)
7. Reports on and visits to each of the three California Veterans Homes
8. Monthly updates on Veterans Services Programs
9. Revising and updating the California Veterans Board Policy Book



The 2001 Legislative session provided reinforcing language with respect to the role and support of the Board. Senate Bill 164, Chapter 220, Statutes of 2001, requires the Board Chair, with the concurrence of a majority of Board members, to appoint a full time Executive Officer to tend the day-to-day business of the Board. The bill also required the Board to provide an annual report to the Legislature.

## DEPARTMENTAL PROGRAMS

### FARM AND HOME LOAN PROGRAM (CalVet)

The Department began making low interest rate farm and home loans to veterans in the State of California following the enactment by the California Legislature of the Veterans Farm and Home Purchase Act of 1921. In 1943, the Legislature enacted the Veterans Farm and Home Purchase Act of 1943, which modified the Program to meet new needs of veterans. The Veterans Farm and Home Purchase Act of 1974, which again modified the Program, superceded the 1943 Act. The 1943 Act established the Veterans Farm and Home Building Fund of 1943 in the State Treasury, which is the principal fund utilized by the Program.

Funds used to finance the purchases are through the sale of Revenue Bonds and Veterans General Obligation bonds, combined with surplus revenues under the Program not needed at any given time to meet debt service (bond retirement schedules) and operating costs.

Throughout fiscal year 2005-06, the Board continued to encourage the management of the CalVet Farm and Home Loan Program to make significant improvements to the loan product. The goal of the Board and CDVA is to make CalVet the loan or choice for California veterans. Among the improvements supported by the Board by legislation and policy were increases in the maximum loan amount, and decreases in interest rates. Since inception, the Program has assisted over 416,000 veterans to purchase farms and homes throughout the State as a benefit to recognize their personal sacrifice and service to state and country.

The CalVet Home Loan Program has faced a number of challenges over the past five years. In response to those challenges, the Department has been restructuring the Program into a more cost-effective and efficient operation that manages its assets to maximize revenues and investment yield. Achievements over the past few years include:

- In March 2002, an Electronic Funds Transfer (EFT) program was implemented to improve convenience for customers as well as reduce costs through technology. Enhancements continue to be made to the program.
- Effective January 1, 2004, and supported by the Board, the maximum loan limit for mobile homes in parks was increased from \$70,000 to \$125,000, thereby allowing veterans a greater opportunity to purchase affordable housing. Maximum farm limits were increased to 150% of the current Cal-Vet Home Loan.

- Since July 2003 veterans have had the ability to apply for loans on-line. Approximately 38% of loan applications are received on-line, and veterans will soon have the ability to access account information on-line. These improvements conform to Board discussions on improving program access.
- June 1, 2004, and pursuant to interest rate setting methodology approved by the Board, CalVet interest rates were increased to 4.95% on QVMB, 5.10% on QMB, and 5.50% on Unrestricted funds (U/R).
- As of June 2004, the centralization of loan processing was completed, which resulted in reduced processing time, standardized underwriting, and more effective use of space and personnel. Six Field Offices remain available to assist during periods of high loan volume, although some offices may be closed if the supply of available funds or dwindling applicant pool due to federal restrictions on QVMB funds causes loan volume to be significantly reduced.
- In June 2004, the Department developed a 5-Year Strategic Business Plan for the CalVet Home Loan Program, which was presented to the Board and provides the direction the Program must head for success under current economic and political conditions.
- As of June 30, 2004, the CalVet Home Loan Program established a Finance Steering Committee, with participation by volunteer consultants from the real estate and finance industries, to assess and recommend financial actions. The Committee has helped to improve communication with stakeholders, stabilize the management team, and improve customer outreach to retain contracts and loan volume. The Board is kept apprised of significant changes determined by the Committee.
- As of July 2004, new toll-free numbers were implemented for the Field Offices as a means of providing better access to CalVet customers in response to Board discussions regarding improved Program access and marketing.
- In December 2004, the Department reported to the Board that Fire and Hazard Insurance coverage was renewed, and Allianz Global Risks US Insurance Company was the primary carrier with \$20 million in coverage after deductible.
- In February 2005, CalVet submitted a policy to the Board regarding "Unrestricted Funds" for approval. The policy (B-10) allows CalVet to use unrestricted money to make loans to peacetime veterans.
- In February 2005, the Department submitted a contract to the Board for approval to contract with Marshall & Swift/Boeck Company (MSB) to do a replacement cost evaluation of all individual homes in the loan portfolio. The project was completed in 2005, and it was determined that the insured value of the portfolio increased from approximately \$2.39 billion to \$4.09 billion.

- On March 28, 2005, the Veterans' Finance Committee of 1943 and the Veterans' Debenture Finance Committee approved a broad financing plan by the Department to issue bonds to generate new proceeds to fund contracts or to refund existing bonds to generate savings or tax advantages for the Program.
- On April 4, 2005, the CalVet interest rate on QVMB was increased from 4.95% to 5.15% following market rate increases. No change was made to QMB or U/R rates, which remained at 5.5%. The Board participated in the Interest Rate Committee's discussion, and agreed with the analysis.
- On April 28, 2005, the Department completed a bond transaction which includes the following components:
  - \$120,000,000 to generate new proceeds for the programs.
  - \$144,075,000 to refund existing bonds to generate debt service savings and to preserve some valuable Non-AMT tax status.
- In April 2005, the Department informed the Board that notice was received from Standard & Poor's that the CalVet Revenue and General Obligation bond ratings had been raised from "A" to "AA-".
- In December 2005, the Department reported to the Board that Fire and Hazard Insurance coverage was renewed, and Allianz Global Risks US Insurance Company is now the primary carrier with \$20 million in coverage after the \$2.5 million deductible.
- The Board was notified that in December 2005 the Bond Rating Agencies reaffirmed CalVet Revenue and General Obligation Bond rates.
- With the support of the Board, the maximum Home Improvement Loan limit was increased from \$50,000 to \$150,000 in 2005 for loans made with QVMB or unrestricted funds.
- During 2005, new legislation was introduced in the 109<sup>th</sup> Congress (HR 2952), which would provide greater equity and availability of Qualified Veterans Mortgage Bond (QVMB) funds for years to come. Unfortunately, the bill was merged into a tax bill (HR 4297) with changed provisions that would have been very detrimental to the Program by greatly reducing volume caps and sun-setting the QVMB Program effective 2010. Although the bill passed and affected Alaska, Oregon and Wisconsin, provisions were included in the final version of the bill to exclude California and Texas from the disastrous effects of the bill. Therefore, the Department is still in the position of having QVMB funds available, but the pool of eligible veterans who can use those funds is dwindling. Efforts must continue to seek legislative changes at the Federal level so recent war veterans can enjoy the same benefits as their predecessors.

- The Department went through the State procurement process in 2005 to obtain a new third party administrator to adjust Fire, Hazard and Disaster Indemnity claims. This resulted in a contract with a small business designated California company that is showing superior service. They have been actively pursuing subrogation on claims, and have brought thousands of dollars to the Program that would not otherwise have been obtained. The Board was informed of the selection of the new Administrator and other contract details.
- Supported by the Board and effective January 1, 2006, the maximum CalVet Home Loan limit was increased to \$521,250. The maximum Farm Loan limit was increased to \$625,500. This was made possible by the enactment of AB 1439, Chapter 459, Statutes of 2005.
- As of June 30, 2006, there were total Program assets of approximately \$2.1 billion, Fund Equity of approximately \$220 million, and a portfolio of 14,996 contracts totaling \$1.514 billion.

## VETERANS SERVICES

During fiscal year 2005-06 the Veterans Services Division (the Division) made significant strides in the implementation of its strategic objectives. These objectives support the vision, mission and goals of both the Division and the Department.

The most significant accomplishment this fiscal year was the construction and opening of the Northern California Veterans Cemetery located just outside Redding. The final year of efforts came to fruition on Veterans Day 2005 when Governor Arnold Schwarzenegger dedicated the Cemetery with nearly 2,000 veterans, families, and friends in attendance. Since opening, over 300 veterans and eligible dependents have been interred.

The Division sought budgetary approval and has completed an expansion of staffing in the Los Angeles and San Diego Offices. These expansions, though temporary, correct position losses over the last several years and address increasing workload throughout the veterans claims and appeals processes. These positions are critical to providing quality representation for veterans who have selected CDVA as their power of attorney for claims before the U.S. Department of Veterans Affairs and must be approved permanently in the 2007-08 budget cycle.

The Division implemented much needed improvements in how it fulfills its responsibilities in the county subvention process by re-establishing a long dormant audit process. The Division first conducted an independent gap analysis and risk assessment of the reporting and audit processes. This was conducted in full cooperation of the county veteran service officers and included a “no-fault” audit of several counties. This analysis resulted in an updated audit process that was implemented in time for the first semi-annual reports of the fiscal year. By the end of the first audit cycle the Division has seen major improvements in both the county subvention reporting processes.

As an enhancement to the subvention reporting system the Division implemented on-line data entry. This system allows the counties to enter workload and award data, previously submitted in hard copy, via the Internet. This system has greatly improved reporting accuracy, reporting timeliness, payment timeliness, and provides a feedback loop to the counties to ensure that all necessary data and reports have been received by CDVA.

The Division partnered with the Labor and Workforce Development Agency in the development of the “Hire A Hero, Hire a Vet” veteran resource and job fair pilot program. This program builds on local efforts by fostering broader partnering and adding a major marketing effort specifically targeted at recently released veterans. The end result is more than a job-fair, but rather a resource event where a veteran can tap into the full spectrum of benefit information. This pilot program is being implemented statewide in fiscal year 2006-07.

In its outreach efforts this past fiscal year, the Division fully implemented the “Thank You For Your Service” campaign. This campaign targets recently released veterans by sending them a letter from the Governor thanking each for their service to the country. It also includes a letter from the Secretary giving broad-based benefit information, and a brochure to request additional information. The Division also sought, and received, additional budget authority to expand its outreach efforts through standardized benefit information, public service announcements, homeless veteran outreach, and other targeted outreach efforts.

The Division continues to work to improve Disabled Veteran Business Enterprise (DVBE) participation rates. A major effort has been undertaken, in cooperation with agency DVBE advocates, to develop an “Advocates Tool Kit” designed to help both new and experienced advocates to take advantage of the best practices found in successful departments. This “tool kit” will be posted to the CDVA web site in early fiscal year 2006.

The Division has a number of initiatives underway as the fiscal year comes to a close, including:

- A statewide survey of veterans related to if, and how, they take advantage of their veteran benefits.
- Implementation of the Governor’s “Troops to College” program.
- A pilot program examining potential cost avoidance for the State’s Medi-Cal program. This analysis is testing the level of federal veteran benefit participation of eligible veterans and spouses in skilled nursing facilities.

## **VETERANS HOMES**

The state's aged or disabled veterans are provided with rehabilitative, residential, and medical care and services in a home-like environment at the California Veterans Homes. Management changes in the last fiscal year have included the appointment of a new, experienced Administrator at the Chula Vista Veterans Home and a Deputy Administrator at the Yountville Veterans Home. The healthcare experience of our home Administrators

assured successful completion of Department of Health Service and U.S. Department of Veterans Affairs surveys during this past year.

In May 2006, Secretary Johnson reported to the Board on the 2006-07 state budget, as it relates to all veterans homes. In the area of behavioral wellness, the budget includes \$992,000 for additional mental health professionals. There is money in the budget for nursing scholarships. Also, \$421,000 will be added to the budget for Meditech (information services) support for equipment refresh and a feasibility study for the system-wide implementation of VistA, the United States Department of Veterans Affairs electronic medical record system.

Also in May 2006, Secretary Johnson provided a draft policy for review at future Board meetings related to Veterans Home residents' participation in health service plans. In anticipation of adding five new veterans homes, a policy is proposed to require participation, if eligible, in federal, state, and private health service plans to maximize reimbursements to the Department for health care provided to residents of the Veterans Homes.

The Department reported on issues related to the Veterans Home of California - **Yountville**.

**July 2005:** Occupancy of Roosevelt Hall for Dementia and Alzheimer patients should occur sometime after the end of calendar year 2006.

**September 2005:** Bart Buechner has been promoted to Deputy Administrator. A program for returning Operation Iraqi Freedom and Operation Enduring Freedom (Afghanistan) veterans is being developed and the home is pursuing a five-year donation plan.

**March 2006:** Money for the design phase of the remodel of the recreational center at Yountville is in the Governor's budget for 2006-2007.

**May 2006:** The 2006-07 food budget is proposed to increase to \$5.75 per day per resident. There is \$3.76 million in the Governor's budget for the Dementia Unit at Yountville. There is also \$366,000 in the budget for additional staffing at Yountville.

The Department reported on issues related to the Veterans Home of California - **Chula Vista**.

- **September 2005:** Chula Vista is actively seeking a new SNF Administrator and an Assistant Administrator. The Home admitted a veteran affected by Hurricane Katrina from Mississippi. October is Fleet Month in San Diego and there will be a Fleet Month celebration at the Home on October 22.
- **March 2006.** The Governor has appointed Gil Acevedo as the new administrator for the Chula Vista Home.

The Department reported on issues related to the Veterans Home of California - **Barstow**.

- **September 2005.** A plan has been submitted to the Department of Health Services (DHS) to increase the capacity of the Intermediate Care Facility (ICF) from 40 to 60 beds. Once the expansion is complete, DHS will re-inspect. If DHS is satisfied with the expanded ICF, they should support a 20-bed Skilled Nursing Facility at Barstow sometime in the April 2007 timeframe.
- **March 2006.** The Department has put forth a six-year plan to get Barstow back up to full capacity. The first step, if the Governor's 2006-07 budget is enacted as contemplated, will be to add an additional 20 Intermediate Care Facility beds. Governor Schwarzenegger will be visiting the Home on March 17.
- **May 2006.** Workers' compensation claims activity at Barstow peaked two years ago. The amount of money being spent for claims amounted to approximately 15 percent of payroll. The State average is 6 percent of payroll. The department has made a request for a supplemental appropriation of \$1.3 million for Barstow to cover worker's compensation claims.

The Department reported on issues related to the New Veterans Homes construction project.

- **July 2005.** The department informed the Board that the Greater Los Angeles Ventura County (GLAVC) veterans homes project must be funded fully before moving on to the Redding and Fresno Veterans Homes. The Department is on target to have the project approved by the state at the February 2006 meeting of the Public Works Board. Once approved by the state the Department will submit the necessary paperwork for Federal Funding. The Department anticipates the Redding veterans home site will be transferred to the state in the near future, perhaps in September or October 2005.
- **September 2005.** The next sentinel event for the new veterans homes project is the Public Works Board meeting February 10, 2006. The things needed prior to the meeting are working drawings, title to the three properties, and the completion of environmental impact reports. Meetings were held with community leaders on September 19th and 20th. Official meetings required to complete the requirements of the environmental impact were held in West Los Angeles, Ventura, and Lancaster. There were no negative comments. Regarding Veteran Homes in Fresno, the land transfer documents are now in escrow. The Public Works Board voted on October 7 to approve the acceptance of the land donation from the city of Redding. On September 22, the Secretary met with Redding City leaders and they are very supportive of the project.
- **December 2005.** The Department reported that the GLAVC Project is meeting deadlines ahead of time. While it is a challenging process, progress is being made. The next hurdle is obtaining the Quit Claim Deed to the land, and we are working with the federal government to get the land deeded to the state. The department is continuing to work to get the support agreements finalized.
- **March 2006.** Ms. Annie Lehatto, from the Smith Group, provided a PowerPoint update to the Board on the California Veterans Home -Ventura County project.



Department staff has been working with local officials at all three GLAVC sites. All future planned homes are dependent upon the success West Los Angeles project. On March 15 a two-hour planning session will be held with all of the key GLAVC project players. By July 15, 2006 the state will need to make a decision whether to move forward with the project in this fiscal year. In November the Public Works Board will go out with bids, and the contract should be awarded in March 2007.

## **CAPITAL DEVELOPMENT AND CONSTRUCTION**

The United States Department of Veterans Affairs lists California as one of two states in “Great Need” for additional Veterans Homes. The State’s voters, Legislature, and Governors all recognized this critical need and responded. Enabling legislation (the Veterans Home Bond Act of 2000, AB 2559 [Wesson] of 2002, and AB 1077 [Wesson] of 2004) have made funds available to develop and construct new Veterans Homes in Lancaster, Ventura, West Los Angeles, Fresno, and Redding. These funds are the matching requirement to receive a grant from the USDVA State Home Grant Program that will provide the majority of the projects costs. AB 1725 [La Malfa] allows the Department of General Services, on behalf of Veterans Affairs (CDVA) to acquire, design, equip, construct and establish the veterans homes to be constructed in Fresno and Shasta Counties using the design-build construction procurement process.

The Greater Los Angeles/Ventura Counties project, consisting of three facilities in Lancaster, Ventura, and West Los Angeles, is on schedule and budget as approved by the State Public Works Board. These three construction projects will go to bid on December 4 with the first public notice. Bidders walk - through will be in mid January. Upon tabulation of construction bids in February, the State will make the final submission to the USDVA for the State Home Grant Program funds. Construction on all three sites will begin in mid July.

Development of the Redding and Fresno homes has begun with the completion of a Space Program for both facilities . The Department of General Services will advertise, using the Space Program, for an Architectural/Engineering firm to begin full design development in January. The California Environmental Quality Act and National Environmental Protection Act processes will begin in early spring for both Redding and Fresno.

CDVA has requested of the USDVA State Home Grant Program a change of status to Fire/Life/Safety of the Member Services Building project at VHC-Yountville. If granted, the Division will move forward immediately with design development, and anticipates a USDVA State Home Grant Program Request of Conditional Approval in July, 2007. Construction will begin in March, 2008 at the latest.

## **THE BOARD AND THE LEGISLATIVE PROCESS**

Although its principal responsibility is as the policy making body for the Department of Veterans Affairs, the Board has, over the years, developed into an active informational conduit

for the veterans community. It carries forward to that community the policy aims of the gubernatorial administration of which it is largely a part, as well as those it affixes for the Department of Veterans Affairs. It also carries back to them the attitudes, concerns, and positions of California veterans encountered in the travels of the Board and its individual members. That naturally existing dialogue gives rise to the Board's interest in the legislative process as it relates to veterans issues.

The Select Committee on Legislation monitors veterans-related legislation as well as more broadly defined legislation that might be of interest to California's veterans. From time to time, and after much discussion among themselves, the Board may take a public position on certain legislative measures.

During the past fiscal year, the Board reviewed and considered 54 Bills sponsored by various Senators and Assembly members.

## **THE BOARD AND THE APPEAL PROCESS**

Section 86 of the Military and Veterans Code provides that the Board serves as an appellate body for any veteran who believes that a decision by the Department of Veterans Affairs with respect to that veteran has affected them adversely. When an appeal is received, it is assigned to one of the seven at-large members for review. The assigned member, in conjunction with independent counsel to the Board, is responsible for reviewing all file material, conducting an initial hearing when one is requested, and making a presentation to the full Board. Independent counsel for the Board conducts formal hearings. The most frequent topics for appeal during this reporting period were veterans Home admission issues, College Fee Waiver issues, and various Farm and Home Loan Program issues. The Board also conducts formal hearings at which time the entire Board sits as a jury and both sides have legal counsel.

## CHART OF APPEALS—FISCAL YEAR JUNE 2005 – JULY 2006

*Locations for FORMAL Hearing are to be scheduled close to the Appellants home.*

| Appellant | Rec'd    | Subject            | Type of Hearing  | Date Voted | Decision  |
|-----------|----------|--------------------|------------------|------------|-----------|
| Rowe      | 8/01/05  | Denied Admittance  | Review of Record | 2/15/06    | Denied    |
| Clemons   | 9/12/05  | Tuition Fee Waiver | Formal Hearing   | 2/14/06    | Withdrawn |
| Engmark   | 11/08/05 | Discharge          | Formal           | 12/08/05   | Denied    |
| Nunez     | 12/23/05 | Discharge          | Formal           | 02/27/06   | Withdrawn |
| Munds     | 01/10/06 | Denied Admittance  | Review of Record | Admitted   | Moot      |
| Barnes    | 1/30/06  | Cal Vet Loan       | Formal           | 04/13/06   | Withdrawn |
| Bry       | 01/19/06 | Tuition Fee Waiver | Review of Record | 06/23/06   | Withdrawn |

### CHART OF APPEALS BY CATEGORY/TYPE

| Category                                    | Type Of Hearing(s)  | Board Decision          |
|---|---|-------------------------|
| College Education Fee Waiver                | <ul style="list-style-type: none"> <li>➤ 1 = Review of records</li> <li>➤ 1 = Formal</li> </ul> | 2 Withdrawn             |
| Farm and Home Loan                          | <ul style="list-style-type: none"> <li>➤ 1 = Formal</li> </ul>                                  | 1 Withdrawn             |
| Discharge:<br>1 Yountville<br>1 Chula Vista | <ul style="list-style-type: none"> <li>➤ 2 = Formal</li> </ul>                                  | 1 Withdrawn<br>1 Denied |
| Denied Admittance                           | <ul style="list-style-type: none"> <li>➤ 2 = Review of records</li> </ul>                       | 1 Denied<br>1 Moot      |

*The Law Office was provided copies of all current appeals, in addition copies provided in the Board books. Locations for FORMAL Hearings are to be scheduled close to the Appellants home.*

## THE BOARD AND THE VETERANS COMMUNITY

As specified in Sections 65 and 66 of the Military and Veterans Code, those individuals appointed by the Governor to serve on the California Veterans Board are veterans themselves. These men and women are people who represent the geographic and social

diversity of California and they are generally individuals who have demonstrated history of service to the veteran community prior to their appointment to the Board. It is in fact the members' stature in the veteran community that gives the Board both its credibility and its access to that community. As gubernatorial appointees, Board members have the responsibilities of communicating the Governor's veteran-related public policy positions to the veterans who live in California and returning to the Governor those concerns and viewpoints of the veteran constituency that have been communicated to the Board.

To adequately meet the responsibility described above, the Board feels very strongly to meet where veterans live and that it should meet in locations throughout the entire state and keep in mind this fact not only to meet primarily in Sacramento. Furthermore, Board members believe that meeting in rural communities and in those smaller urban communities that abound in California is every bit as important as meeting in large cities like Los Angeles, San Diego, and San Francisco. The Board has worked to implement a pattern for meeting locations that provides for this kind of geographic diversity.

Always critical to an accurate understanding of the veteran community in California is a well-developed working relationship with the veterans' service organizations. These groups, including The American Legion, Disabled American Veterans (DAV), American Veterans (AMVETS), Jewish War Veterans (JWV), Fleet Reserve Association, Reserve Officers Association (ROA), Vietnam Veterans of America, the American G.I. Forum, and the Veterans of Foreign Wars (VFW), among others, represent more than a half million California veterans. They are platforms for community service in virtually every city and town in our state. The relationship between the Board and the service organizations has been excellent during this reporting period. The Board members wish to express their deep gratitude to the organizations for the cooperation extended to it on a wide range of topics during this reporting year. Board members continue to seek out similar levels of interaction with California veterans who may not be affiliated with any organized veterans group.

## **SUMMARY OF KEY ACTIVATES**

### **July 1, 2005 through June 30, 2006**

As indicated in the month-to-month overview of the boards' agenda, the California Veterans Board makes every attempt to meet in various parts of the state. Meetings took place as far north as Redding and as far south as San Diego. It is the desire of the Board to go where veterans reside in order to give them a chance to appear before the Board.

The term limit of which James Crump, William Jackson, and George Sinopoli carried out expired January 15, 2006. On December 20, 2005 Governor Schwarzenegger appointed Randal Bressette of Laguna Hills. On January 27, 2006 Governor Schwarzenegger appointed Alice Astafan of Carmichael, and Jake Alarid of Whittier to the California Veterans Board. Governor Schwarzenegger also appointed Colin Shadell of Chula Vista on May 26, 2006. Dr. Vernon Chong was elected by the Board on March 10, 2006 to serve as Chairman.

The Board attempts to accommodate veterans who file appeals. These appeals have been heard monthly in locations throughout the state The Board processed 7 appeals. (See chart of meeting locations & appeal chart for details.) During the last three fiscal years the number of veterans filing appeals to the Board has decreased. This is felt to be a result of the policies set by the board and the collaborating effort with the Department and members of the Board communicating with California's veterans. If a complaint is brought to the Boards attention calls or letters are sent to the veteran until all of the matters are resolved and or understood.

The current Board has taken a very firm stand on, and is deeply concerned about the following issues: homeless veterans, Alzheimer's/dementia treatment facilities within our veterans homes, the Life and Disability Insurance program in the Cal Vet Home Loan program. Additional attention is given to veteran's rights in the College Fee Waiver program for their children, lower interest rates for CalVet Home Loans and the planning for future Veterans Homes in California.

The California Veterans Board Policy Book is available on the Website at [www.cdva.ca.gov/board](http://www.cdva.ca.gov/board).

## Budget Expenditure Report

### July 1, 2005 through June 30, 2006

| Type              | General Fund<br>91,000 | Farm & Home<br>64,252 |
|-------------------|------------------------|-----------------------|
| Personal Services | 18,467                 | 64,252                |
| General Expenses  | 7,609                  | 330.12                |
| Printing          | 78.00                  | 36.81                 |
| Communications    | 1,260                  | 704.03                |
| Postage           | 2,332                  | 105                   |
| Travel/Per Diem   | 25,638                 | 2,914                 |
| Training          | 100                    | 429.00                |
| Total             | 55,483                 | 69,501                |

#### NOTES:

Expenditures are rounded to the nearest dollar.

- ❖ This report summarizes the budget allocation and expenditure for both funding sources (General Fund and the Farm & Home Building Fund). It does reflect the savings or deficit for each fund.

## BOARD MEETING SCHEDULE FISCAL YEAR 05/06

| DATE               | LOCATION  | TYPE OF MEETING |
|--------------------|---|-----------------|
| JULY 15, 2005      | REDDING<br>Council Chamber                          | REGULAR         |
| AUGUST 8, 2005     | LANCASTER<br>City Council Chambers                  | REGULAR         |
| SEPTEMBER 29, 2005 | SAN DIEGO<br>Veterans Museum and<br>Memorial Center | SPECIAL         |
| SEPTEMBER 30, 2005 | SAN DIEGO<br>Veterans Museum and<br>Memorial Center | REGULAR         |
| NOVEMBER 8, 2005   | MONTEREY<br>City Council                            | REGULAR         |
| DECEMBER 8, 2005   | YOUNTVILLE<br>Veterans Home                         | REGULAR         |
| FEBRUARY 10, 2006  | CLOVIS<br>Veterans Memorial Hall                    | REGULAR         |
| MARCH 10, 2006     | VENTURA<br>City Hall                                | REGULAR         |
| MAY 11, 2006       | PISMO BEACH<br>Veterans Memorial Building           | REGULAR         |

Note: Minutes of meetings are available at the Website [www.cdva.ca.gov/board](http://www.cdva.ca.gov/board).

### Recognition Plaques and Certificates Presented July 2005– June 2006

| PRESENTED TO                    | TITLE                 | DATE     | PRESENTED BY    |
|---------------------------------|-----------------------|----------|-----------------|
| Tom O'Meara                     | Citizen               | 12/09/05 | George Sinopoli |
| Ritchie Dunn &<br>Carol Swenson | Friends of Yountville | 12/09/05 | George Sinopoli |

- ❖ The Board awards individuals and programs to recognize those veterans and organizations deserving recognition.

**Distribution:**

|    |   |
|----|---|
| 4  | Governor's Office   |
| 2  | President Pro Tempore of the Senate                         |
| 2  | Speaker of the Assembly                                     |
| 40 | Chairperson Senate Veterans Committee                       |
| 20 | Chairperson, Assembly Veterans Committee                    |
| 12 | Senate & Assembly Rules Committee                           |
| 2  | Legislative Analyst's Office (LAO)                          |
| 2  | Joint Legislative Budget Committee                          |
| 60 | Commanders & Presidents of California Veterans Organization |
| 2  | President of County Veterans Service Officers (CVSO)        |
| 3  | Presidents of California Veterans Homes Allied Councils     |
| 15 | California Department of Veterans Affairs                   |
| 14 | California Veterans Board Members                           |
| 10 | California Veterans Board Office Files                      |

POSTED at [www.cdva.ca.gov/board/annual report 2004/05](http://www.cdva.ca.gov/board/annual%20report%202004/05)